

Message Text

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ACTION EUR-12

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FM AMEMBASSY PARIS
TO SECSTATE WASHDC 6563
DEPARTMENT OF ENERGY WASHDC

C O N F I D E N T I A L SECTION 02 OF 02 PARIS 34953

RE-THINKING ATIC'S ROLE.

7. WHEN WE MET WITH ALBERT VIALA, THE ATIC PRESIDENT, HE ALLUDED TO THE AGITATION IN SOME QUARTERS FOR RE-VAMPING ATIC. VIALA SAID HE ATTRIBUTES THE DISCONTENT TO HIS TOUGH BARGAINING AND INTRANSIGENCY ON PRICE. HE RECOUNTED SEVERAL NEGOTIATING EXPERIENCES IN WHICH HE HAD REFUSED TO PAY THE PRICE INITIALLY DEMANDED BY COAL PRODUCERS, CASES IN WHICH THE PRODUCERS ULTIMATELY CAPITULATED TO ATIC. A NON-FRENCH INDUSTRY CONSULTANT ATTRIBUTES THE IMPORTERS' COMPLAINTS TO THE "POOR QUALITY" OF THE COAL ATIC HAS OCCASIONALLY PURCHASED.

8. WHILE WE HAVE THE DISTINCT IMPRESSION THAT VIALA'S CENTRAL ROLE IN COAL IMPORTS IS DEFINITELY ON THE WANE, NONE OF OUR CONVERSATIONS LEAD US TO BELIEVE THAT THE ROLE OF ATIC WILL BE CHANGED IN THE NEAR FUTURE. WE DOUBT THAT THE FINANCE MINISTRY'S INTEREST IN INCREASED PRICE COMPETITION IN COAL WILL BE ANY MORE DECISIVE THAN IT HAS BEEN IN THE CASE OF PETROLEUM PRODUCT PRICING.

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9. GIVEN THE IMPORTANCE OF COAL, AS OUTLINED IN REFTTEL, IN THE OVERALL FRENCH ENERGY BALANCE, PARTICULARLY NOW WITH ITS IMPROVED PRICE COMPETITIVENESS VIS-A-VIS GAS, WE DOUBT THE GOVERNMENT WILL BE WILLING TO RELINQUISH CONTROL OVER COAL IMPORTS. THUS, ALTHOUGH WE THINK IT LIKELY THAT ATIC WILL HAVE TO BE STREAMLINED WE BELIEVE

THERE WILL CONTINUE TO BE SOME TYPE OF ATIC IMPORTING
MONOPOLY IN FRANCE'S ENERGY FUTURE.

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